II. SPECIFICATION AMENDMENTS

Page 1, before line 1 insert

(a) TITLE OF THE INVENTION

Page 1, line 2, insert

(b) CROSS-REFERENCE TO RELATED APPLICATIONS

Not Applicable

(c) STATEMENT REGARDING FEDERALLY SPONSORED RESEARCH OR DEVELOPMENT

Not Applicable

(d) INCORPORATION-BY-REFERENCE OF MATERIAL SUBMITTED ON A COMPACT DISC

Not Applicable

- (e) BACKGROUND OF THE INVENTION
 - (1) Field of the Invention

Page 1, line 11, insert

(2) Description of Related Art including information disclosed under 37 CFR 1.97 and 1.97

Page 5, Line 13, insert

(f) BRIEF DESCRIPTION OF THE INVENTION

Page 7, line 35, insert

(g) BRIEF DESCRIPTION OF THE SEVERAL VIEWS OF THE DRAWING(S)

Page 8, line 23, insert

(h) DETAILED DESCRIPTIONOF THE INVENTION

Page 25, line 34, to page 26, line 2, as follows:

The encoder 1 sends 23 the information about the selected prediction method to the multiplexer 9, which is accompanied by displacement information if method P13 is used. Advantageously, the selected prediction method is indicated by its rank in the subset of prediction methods methods appropriate for the particular combination of neighbouring blocks (U, L) in question. Encoding of the information—is advantageously performed using variable length coding.